

## BILL ANALYSIS

S.B. 514

By: Sen. Brooks  
Enrolled

### BACKGROUND:

Under current law, medical and dental units of institutions of higher education must purchase supplies, materials, services, and equipment through the State Purchasing and General Services Commission. The purchases are either on a open market basis or state contract. In effect, this means that bulk purchases are limited to the needs of one or several of the institutions in question, usually less than 2000 beds.

This legislation would allow these educational medical and dental institutions to join hospital purchasing groups and alliances. Examples of these include SunHealth, Voluntary Hospitals of America, MedEcon, Health Services Corporation of America and Premier Hospitals Alliance, Inc. These alliances allow purchases to be made on the needs of many more medical facilities, varying from a combined 26,000 to 130,000 beds. Such purchasing practices would allow our dental and medical institutions of higher education to achieve cost savings through these bulk or quantity purchases.

### PURPOSE:

This legislation provides that hospitals operated as part of university systems may purchase hospital-related materials, supplies, and equipment through a group purchasing program that offers purchasing services at discount prices to two or more hospital facilities.

### RULE MAKING AUTHORITY:

It is the committee's opinion that this bill delegates new rule making authority to the governing boards of the state's institutions of higher education which have medical or dental units for the purpose of entering into group purchasing agreements and purchasing medical related materials.

### SECTION BY SECTION ANALYSIS

#### Section 1.

Amends Section 3.01, State Purchasing and General Services Act (Article 601b, V.T.C.S.):

Exempts medical and dental units, and clinics, of institutions of higher education from purchasing through the State Purchasing and General Services Commission hospital-related materials, supplies and equipment that are available through a group purchasing program that offers discount prices to two or more hospital facilities or clinic facilities if the chief executive officer of the hospital or clinic certifies that the purchase is the most cost-effective method of purchasing available.

#### Section 2.

Effective date September 1, 1989.

#### Section 3. Emergency Clause.

S.E.C.